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***VIA ELECTRONIC FILING***

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
The Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

**Re: Joint Petition of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC  
to Establish a Consolidated Informational Docket for Review and Consideration  
of Grid Improvement Plans  
Docket No. 2019-381-E**

Dear Ms. Boyd:

On January 31, 2020, the Southern Environmental Law Center (“SELC”), on behalf of the South Carolina State Conference of the NAACP, South Carolina Coastal Conservation League and Upstate Forever (collectively, “Intervenors”), filed comments (“Intervenor Comments”) with the Public Service Commission of South Carolina (the “Commission”) in the above-referenced docket, pursuant to Commission Order No. 2020-44. Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP,” together with DEC, the “Companies” or “Duke Energy”) provide the following response to the Intervenor Comments. While the Companies appreciate Intervenors’ support of a consolidated informational “NDI” docket for this proceeding, Intervenors make several statements which the Companies would like to respond to and clarify.<sup>1</sup>

**I. Intervention**

In their comments, Intervenors both support an NDI docket and request that they be deemed parties in this proceeding. The Companies do not oppose this request but note intervention is not necessary in an NDI docket. However, regardless of intervention, the Companies intend to notify interested parties of any filings and updates regarding the Companies’ Grid Improvement Plans (“GIP”) in the NDI docket. The Companies believe the establishment of the NDI docket and notice to customers via bill insert as outlined in the Companies’ December 16, 2019 Joint Petition<sup>2</sup> will

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<sup>1</sup> Other parties filed comments in this docket, and the Companies take no issues with those comments. The Companies are only addressing comments filed by SELC in this filing.

<sup>2</sup> Joint Petition at p. 5-6.

allow for all interested parties to not only be aware of the informational docket but also provide a means to review, assess, and request information prior to the Companies requesting recovery of GIP costs in a later rate case in which the investments would be sought for recovery.

## II. Transparency and Stakeholder Participation

As explained in their Joint Petition filed in this docket, the Companies have proposed that the Commission establish a consolidated “NDI” docket in which the GIPs and associated documents would be filed and to notice any allowable *ex parte* presentations or technical workshops to be held before the Commission to further advance stakeholder discussions and the Commission’s review of the Companies’ GIPs. To that end, the Companies agree with Intervenor that the process should be fully transparent and allow for active participation by all parties.

Notwithstanding the Companies’ agreement with the Intervenor on transparency and participation, Intervenor’s assertion that there was “limited opportunity for stakeholder feedback to shape the Companies’ Phase I GIP spending”<sup>3</sup> is not accurate or complete as it pertains to the filings and representations made in South Carolina. As explained below, Intervenor is correct that early stakeholder processes needed improvement, but those processes have improved and matured. In fact, feedback from stakeholders helped shape the GIP filings in South Carolina.

In their comments, Intervenor reference the Companies’ May 17, 2018 Power/Forward workshop before the North Carolina Utilities Commission (“NCUC”) and the neutral facilitator’s comment in the report that stakeholders were critical of a “utility-driven process.”<sup>4</sup> What the Intervenor fail to note for the Commission’s understanding is that after the May 17, 2018 workshop, the Companies held a workshop in Columbia on August 14, 2018. Stakeholder feedback from those workshops was used to modify projects and programs within a revised grid plan that was subsequently reviewed in a stakeholder session on October 10, 2018 and filed in both the 2018 SC DEC and DEP rate cases. The Companies have attached the Summary Report of South Carolina Duke Energy Grid Improvement Workshop held in October 2018 as Exhibit A (“RMI Report”). In the RMI Report, the facilitator used at that time—Rocky Mountain Institute<sup>5</sup>—noted that stakeholder feedback during the plenary question and answer sessions, online polling, and survey indicated that many participants generally agreed the revised grid improvement filing plan had improved since the first plan.<sup>6</sup> RMI later noted, “Overall, workshop participants were supportive of Duke Energy’s efforts to incorporate stakeholder feedback, and felt that the updated grid improvement plan was better than the first version.”<sup>7</sup> Based on stakeholder feedback, the Company modified various projects and programs in its grid plan. The Company specifically removed programs, reduced others, and added programs that stakeholders

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<sup>3</sup> Intervenor Comments at p. 2.

<sup>4</sup> Intervenor Comments at p. 2.

<sup>5</sup> Describe RMI, Information regarding RMI can be found at <https://rmi.org/>. RMI was contracted to act as a neutral facilitator for Carolinas stakeholder engagement sessions involving the Company’s Grid Improvement Initiative.

<sup>6</sup> RMI Report at p. 3.

<sup>7</sup> RMI Report at p. 14

felt were important. For example, the Companies added the Integrated Volt/Var Control Program, the Targeted Undergrounding Program was reduced by approximately 90 percent, and all but one Distribution Hardening & Resiliency programs were eliminated. The resulting GIP, which was improved from earlier versions discussed in North Carolina, is what was filed in South Carolina in November 2018. Stakeholder engagement in the Carolinas has continued in the form of workshops (November 8, 2018 and May 16, 2019) and webinars (April 24, 2019; June 13, 2019; June 17, 2019; and June 24, 2019) plus other informational meetings upon request. Additional engagement will be planned to provide updates on the current implementation status and any potential next phases of investments.

### **III. Intervenors' Request to Share Information from Relevant Proceedings Before the North Carolina Utilities Commission**

In their comments, Intervenors correctly note that the Companies' GIPs are being deployed simultaneously in both North and South Carolina and are currently filed with the NCUC in Docket Nos. E-7, Sub 1214 (DEC) and E-2, Sub 1219 (DEP). By design, the North Carolina GIP is identical to the South Carolina plan in substance for system elements, so that the two plans can work together to provide benefits to Duke Energy Carolinas customers.<sup>8</sup> Given that the GIPs address, in part, system improvements that affect both states, Intervenors propose that the informational docket be utilized to provide a means for the Commission to learn about and benefit from the NCUC proceedings and recommend allowable *ex parte* briefings to achieve that goal. The Companies are not opposed to this request and, of course, are more than willing to accommodate requests from the Commission for allowable *ex parte* briefings to help better inform the Commission.

Although the Companies generally agree with Intervenors that it is beneficial to keep the Commission apprised of proceedings in North Carolina on this matter, the Companies would like to respond and provide clarification on two issues raised in the Intervenor Comments regarding the current North Carolina proceedings. First, Intervenors falsely describe the GIP expenditures for which the Companies are currently seeking recovery in North Carolina as "billions of dollars."<sup>9</sup> This is simply not true. In fact, requested recovery for 2018 and 2019 plant in service for GIP type programs in both DEC and DEP is approximately \$527M at a total system level. Second, Intervenors claim that the Companies failed to engage with stakeholders during the planning process. As described above, the Companies met with and incorporated feedback they received from stakeholders prior to filing the GIP in South Carolina, and the substance and effect of that process improved over time and continues to develop. Further, the Company's GIP covers activities and spending over a three-year period ending 2021. The current GIP begins to prepare the grid in South Carolina for the implications resulting from the megatrends highlighted in prior Company filings. Also, the current stakeholder-informed plan begins to prepare the SC grid for growth in privately owned distributed energy resources and electric vehicles, but even if this

<sup>8</sup> *In the Matter of Application of Duke Energy Carolinas, LLC for Adjustment of Rates and Charges*, Direct Testimony of Jay W. Oliver, N.C.U.C. Docket No. E-7, Sub 1214, p. 44, lines 9-11.

<sup>9</sup> Intervenor Comments at p. 2.

growth does not occur, the GIP is still cost effective and warranted as demonstrated by cost benefit analyses.

#### **IV. Relationship Between the Companies' GIP and Integrated Systems and Operating Planning**

While Intervenors are correct that part of Duke's planning process involves an Integrated Systems and Operations Planning ("ISOP") model, Intervenors' assertion that the Companies are "risking millions (if not billions) of dollars" by investing in GIP is simply incorrect.<sup>10</sup> The benefits of the investments proposed in the Companies' GIPs are not predicated on the integration of distribution, transmission, and generation planning. ISOP tools and processes, when available, will leverage the foundational capabilities of the grid improvement plan to enable effective future investments across distribution, transmission, and generation. For example, the Self Optimizing Grid program in the current GIP moves the distribution grid toward the two-way power flow model. This is a "no regrets" investment that provides significant customer benefit now and will make ISOP more effective in the future. The 44KV transmission line rebuild program will allow for a more efficient transition to higher voltages as needed. Additionally, the DEC Integrated Volt Var program will enable the grid to operate in a conservation voltage reduction mode resulting in an immediate reduction in system loading, creating the benefit of decreased generation, which is a benefit to customers.

#### **V. Procedural Issues**

As stated in their January 31, 2020 filing, the Companies do not believe it is necessary for the Commission to establish a procedural schedule for the proposed NDI docket. The NDI docket is not a pre-approval proceeding, and there is no "CPCN-like" process in which the Companies could apply for these investments in South Carolina. Notwithstanding, the Companies do believe it is beneficial to answer questions to expedite discovery and consideration of the investments in future rate cases. Accordingly, the Companies believe it would be appropriate for the Commission to issue an order establishing an informational docket to house information, notice allowable *ex parte* briefings or technical workshops, to provide a mechanism for parties to request information regarding the Companies' GIP, and to report stakeholder feedback and how the Company is including or otherwise considering such feedback. Finally, the Intervenors recommend that the informational docket remain open until the Companies file a Notice of Intent to File an Application for Adjustments in Electric Rates in which GIP cost recovery is included.<sup>11</sup> The Companies agree with this suggestion and hope that the parties will avail themselves of the information available in the informational docket and the Companies' willingness to answer questions in advance of a rate case in which costs will be eligible for recovery.<sup>12</sup>

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<sup>10</sup> Intervenor Comments at p. 3 (... "the Companies' GIP spending has come before full deployment of ISOP, risking millions (if not billions) of dollars in potentially unnecessary or obsolete spending before Duke is ready to make use of ISOP.").

<sup>11</sup> Intervenor Comments at p. 4.

<sup>12</sup> Companies' Joint Petition at Paragraph 12, Page 5.

The Companies appreciate the opportunity to provide additional information and context to the Commission in its consideration of the next appropriate steps in this docket.

Sincerely,



Heather Shirley Smith

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